

23 September 1980

MEMORANDUM FOR THE RECORD

25X1 FROM: [redacted]  
Program Assessment Office

SUBJECT: NFIP Inflation Treatment for FY 1982 Budget Review [redacted]

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1. On Friday, 19 September, I met with [redacted]  
regarding the treatment of NFIP inflation for the FY 1982 Budget Review. [redacted]

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25X1 2. Jim reported that OMB has called for a budget hearing on NFIP  
inflation in this year's budget review and that RMS is responsible for  
providing the review. [redacted]

3. A number of approaches to handling the FY82 inflation problem were  
discussed focusing on the feasibility and appropriateness of each. It was  
decided that, for the purposes of this exercise, NFIP inflation will be  
estimated by aggregating individual inflation estimates from each of the  
programs. Each program estimate will be based on their own cost categories and  
price indexes. Our job will be to array their categories and indexes and to  
weight by program size for an overall estimate. [redacted]

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25X1 4. I agreed to produce a five-to ten-page paper in the next two to three  
weeks that explains the FY82 NFIP estimate in these terms. It was agreed that  
the paper will include some prefatory remarks about our current state of  
knowledge about NFIP inflation and what we are doing to improve our estimates  
for next year. Additionally, the estimate for FY82 will be used with FY81  
appropriations, supplementals and reprogrammings to differentiate inflation  
from growth in the FY82 submission. [redacted]

[redacted]  
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